

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2421 - HB 2636

February 15, 2018

SUMMARY OF BILL: Authorizes the City of Hendersonville to levy a hotel occupancy tax, not to exceed 2.75 percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue - \$330,200/Permissive

Assumptions:

- According to the Department of Health, there are five hotels in the City of Hendersonville, with a total of 470 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2016 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2016 was 65.4 percent, and is estimated to have been 65.6 percent in 2017. The national hotel occupancy rate is estimated to be 65.5 percent in 2018.
- Estimate assumes the occupancy rate in the City of Hendersonville is 70.0 percent.
- There will be approximately 120,085 nightly rentals each year in Hendersonville (470 rooms x 365 days x 70.0% occupancy rate).
- The average hotel room rate is estimated to be \$100 per night.
- The City of Hendersonville will impose a 2.75 percent hotel occupancy tax upon passage of this legislation.
- The permissive recurring increase in local government revenue is estimated to be \$330,234 (120,085 nightly rentals x \$100 per night x 2.75% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/jdb